

## **Knysna Council cuts costs**

The national lockdown has allowed South Africa to prepare its health care system and to inhibit the spread of the corona virus. Knysna's Acting Municipal Manager Dr Michele Gratz is most concerned that it has also increased the pressure on an already depressed economy.

"We are facing many challenges at the moment," said Gratz. "The municipality's dire financial situation and the compounding negative impact that the nationwide lockdown continues to have on our economy is, at present, of great concern. I commend Council on the recently reached resolutions to contain costs and curb spending."

One of these resolutions include Council's decision not to approve any increase in salaries, allowances or benefits for councillors for the 2019/20 financial year. "This amounts to a saving of R406 479 in this financial year and shows the commitment Council has to serving its people," said Gratz.

Dr Gratz showed her own commitment to this cause by refusing to accept any salary adjustment, although back-pay is due to her according to the gazetted Upper Limits for the Remuneration of Senior Managers (Government Gazette no 43122, 20 March 2020). "Council has further resolved not to implement any increases in the remuneration packages of municipal directors and managers directly accountable to the office of the Municipal Manager as gazetted," she explained. "Council is also seeking legal advice in terms of recovering monies paid to two of our directors in excess of the gazetted upper limits since their appointment. The implementation of these resolutions will amount to a saving of R 266 315."

The municipality will make a further saving of R576 087 as no performance bonuses will be paid to the municipal directors for the 2018/19 financial year. "This is partially due to the fact that the previous Municipal Manager did not conduct the performance assessments in time, as well as the dire financial situation which the Municipality is in. The relevant performance contracts are being revised for the 2020/21 financial year."

On the grounds of unaffordability and cash flow problems, Knysna Municipality cannot afford to implement the 6.25% salary increase for full-time municipal employees as determined by the Salary and Wage Collective Agreement of 15 August 2018. The Accounting Officer will be authorised to apply for the appropriate exemption from the South African Local Government Bargaining Council to implement this resolution. This will save R11.4 million for the 2020/21 financial year.

"I must however reiterate that we value all our staff members and appreciate their commitment to service delivery excellence," said Gratz.

Further steps to mitigate the current financial state include a request for additional funding from both Provincial and National Treasury to assist the municipality's cash flow situation. "We will also aggressively implement our Credit Control Policy, compile a Turnaround Strategy in conjunction with Provincial Treasury and Provincial Department of Local Government and approach Provincial Treasury and relevant departments to appoint temporary officials at no cost to the Municipality to assist with the implementation of this strategy," she said. "An

Adjustment Budget will also be submitted to Council in June 2020, once possible grant funding and additional expenditure due to Covid-19 are known.”

To further ensure that municipal resources are applied effectively, efficiently and economically, Council resolved to implement its Draft Cost Containment Policy from 1 June 2020. The policy and associated regulations will apply to all officials and political office bearers of Knysna Municipality. Other affected policies will be reviewed to comply with the regulations of the Draft Cost Containment Policy.

“We do realise that the lockdown is having serious effects on the national and our local economy,” Gratz explained. “We know that many local businesses, employers and employees are struggling to keep their heads above water. In an effort to assist, a committee consisting of the Chief Financial Officer, Chief Audit Executive and the Chairperson of the Audit Committee has been appointed to consider ad hoc applications for delayed rates and services charges from businesses and accommodation establishments, and a reduction in rental of municipal property up to a maximum amount of R50 000. This committee’s appointment runs until the end of September. Unfortunately, due to our financial situation, no debt relief can be given to ratepayers.”

“We know that these are trying times that will change our social and economic landscape,” she concluded. “But, if we continue to work together, we will come out of this time of Corona well on the road to financial recovery – both in the private, formal and informal sector.”

All resolutions mentioned were taken during a Special Virtual meeting of the Council held on 14 May.

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